

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 12791 140752Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15
ICA-20 AID-05 COME-00 EB-08 FRB-01 XMB-04 OPIC-06
LAB-04 SIL-01 OMB-01 STR-07 CEA-01 NEA-10 /137 W
-----014452 140755Z /14

P 140746Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 9601
TREASURY/DEP WASHDC PRIORITY
AMEMBASSY BONN PRIORITY
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

UNCLAS TOKYO 12791

USEEC

USOECN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: EFIN, JA
SUBJECT: REACTION TO FRB CHAIRMAN MILLER'S REMARKS ON
CURRENCY BLOCS

1. AFTERNOON JULY 13 NIHON KEIZAI GAVE PROMINENT COVERAGE
TO REMARKS BY FEDERAL RESERVE BOARD CHAIRMAN WILLIAM
MILLER CONCERNING U.S. ATTITUDE TOWARD RECENT EUROPEAN
CURRENCY STABILIZATION PROPOSALS. AS CARRIED IN PRESS
HERE, MILLER TOLD MEMBERS OF THE FOREIGN PRESS THAT THE
U.S. SUPPORTED THE EUROPEAN INITIATIVE AND WENT ON TO
SPECULATE THAT THIS MIGHT IN THE LONG RUN EVOLVE INTO A
SYSTEM OF CURRENCY BLOCS CONSISTING OF A EUROPEAN BLOC,
A DOLLAR BLOC, A YEN BLOC, AND A MIDDLE EAST BLOC. HE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12791 140752Z

REPORTEDLY WENT ON TO SAY FORMATION OF THE CURRENCY BLOCS
MIGHT LEAD TO GLOBAL CURRENCY STABILIZATION.

2. THE REPORT ON MILLER'S REMARKS WAS ACCOMPANIED BY A
REPORT OF BANK OF JAPAN REACTION TO HIS STATEMENTS
ATTRIBUTED TO AN UNNAMED BOJ OFFICIAL. THE OFFICIAL SAID
THE STATEMENT REFLECTS THE U.S. DESIRE THAT JAPAN SHOULD

SHIFT ITS EXPANDING TRADE MORE TOWARD SOUTHEAST ASIA, AUSTRALIA AND NEW ZEALAND RATHER THAN CONCENTRATE SO HEAVILY ON THE U.S. MARKET. HOWEVER, THE OFFICIAL REPORTEDLY SAID, JAPAN IS HEAVILY DEPENDENT ON THE U.S. ECONOMICALLY, POLITICALLY AND MILITARILY. THEREFORE THE ESTABLISHMENT OF A YEN CURRENCY OR ECONOMIC BLOC IS A SUBJECT FOR THE FUTURE RATHER THAN THE PRESENT.

3. FOLLOW-UP STORIES IN JULY 14 MORNING EDITION OF NIHON KEIZAI CITE INDUSTRIAL BANK OF JAPAN ADVISOR HOSOMI (FORMERLY VICE MINISTER OF FINANCE FOR INTERNATIONAL AFFAIRS) AS SAYING THAT CREATION OF A YEN BLOC WOULD BE DIFFICULT AT PRESENT BECAUSE THE YEN IS NOT NOW WIDELY USED IN SOUTHEAST ASIA AND THE STRUCTURE OF TRADE IS NOT FAVORABLE TO FORMATION OF A YEN BLOC. HOWEVER, HE THOUGHT THE IDEA WAS WORTH CONSIDERING AS A PLAN TO STABILIZE CURRENCIES. OTHER COMMENTATORS AMONG THE FOREIGN EXCHANGE BANKS REPORTEDLY SAID THAT THE MILLER IDEA, THOUGH ON THE SURFACE A PLAN TO STABILIZE CURRENCIES, WAS IN REALITY A PART OF THE U.S. STRATEGY OF REDUCING THE ROLE OF THE DOLLAR AS A KEY CURRENCY, A ROLE WHICH HAS BEEN MAINTAINED WITH SOME DIFFICULTY UNDER THE FLOATING RATE SYSTEM. NIHON KEIZAI WENT ON TO COMMENT THAT CHAIRMAN MILLER HAD SHOWN MORE INTEREST IN THE DOLLAR/MARK RELATION THAN IN THE VALUE OF THE YEN AND THAT FEARS OF POSSIBLE ISOLATION OF THE YEN ACCOUNTED FOR THE PRIME MINISTER'S INTEREST IN

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12791 140752Z

VARIOUS TARGET ZONE PROPOSALS. MANSFIELD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, CURRENCY CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO12791
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780288-0923
Format: TEL
From: TOKYO USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780758/aaaabwmn.tel
Line Count: 95
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 12dd0773-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1999908
Secure: OPEN
Status: NATIVE
Subject: REACTION TO FRB CHAIRMAN MILLER'S REMARKS ON CURRENCY BLOCS
TAGS: EFIN, JA, FRB, (MILLER, G WILLIAM)
To: STATE TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/12dd0773-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014